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### Insurance Forum World Insurance Forum

The premium income of the leaders in the market is shown in the chart below.

#### TOTAL PREMIUM INCOME (in millions of pesetas)

Group	Year	Rank	Premiums	Increase
Union y Fenix	1974	1	4.745	771
	1975	1	5.692	947
Catalana Occidente	1974	3	2.406	413
	1975	2	2.947	541
MAPFRE	1974	4	2.110	470
	1975	3	2.928	818
Mutua Madrileña	1974	6	1.950	332
	1975	4	2.689	739
La Estrella	1974	2	2.761	- 69
	1975	5	2.361	-400
Plus Ultra	1974	4	1.957	251
	1975	6	2.277	320
Banco Vitalicio	1974	8	1.894	286
	1975	7	2.269	375
Zurich	1974	7	1.905	272
	1975	8	2.240	335
Aurora Polar	1974	9	1.803	326
	1975	9	2.149	349
Generali	1974	10	1.721	244
	1975	10	2.109	388

### Madrid

Important changes recently have been made in the Ministry of the Treasury which directly affect insurance. Of particular significance is the appointment of Javier Tornos as assistant general manager of the insurance department. Mr. Tornos, who is a jurist with wide international experience in insurance matters, replaces José Rubio Albarracín, who held the position for eight years.

It is expected that this change will accelerate the legal restructuring of insurance, which is necessary if the industry is to adapt itself to the problems of an industrial economy. The new insurance law has been in process of development for some years, and it is an indispensable instrument for the future balance of the market.

Those elements of the law which have been made public were described in our report in the April issue, and no important changes are expected in these provisions, with the exception of a possible increase in the required minimum capital. It is also probable that there will be greater flexibility in the investment sector.

In the course of the last few months inflation has been the primary economic problem in Spain, with serious repercussions for the insurance market. Last year the rate of inflation was above 14%, and it is not expected to be much below 20% for 1976. This is attributable largely to the labor instability generated by the inflation itself, but behind which lies the wish of some political groups who, in the process democratizing the country, are attempting to prove through their influence in the world of labor the weight they have within the nation as a whole. There is no doubt that this strategy will affect economic stability and the important growth and increase in the cost of living experienced in the course of the last few years.

The estimated 1975 premium volume of insurers operating in Spain is 99.135 million pesetas, compared to 80.283 million pesetas in 1974. Of this total, the domestic companies wrote 72.803 million pesetas (59.248 million in 1974), foreign companies 11.450 million pesetas (9.510 million in 1974), and the mutuals 14.881 million pesetas (11.524 million in 1974).

In examining this chart, it is worth noting the improvement in rank which was achieved by three entities that may be considered independent—Catalana, MAPFRE and Mutua Madrileña—while several of the companies that depend on the large Spanish banks have declined in position. This is a sign of the increasing importance of professionalism and of the growing public demand for competitive products which respond to their needs.

Automobile insurance is a line that, as in every country, presents a great number of problems. The situation in Spain is not much different from that in the United States, in view of the fact that it is necessary to have the approval of the government and of a special price board for any modification of the tariff. This is a slow process which always results in automobile premiums being well below the level necessary to support the risk assumed. Negotiations currently are under way for a premium increase which could amount to 15 to 20%. The recent substantial increases in costs in this line make this measure absolutely essential; if the rate increase were denied, the stability of some entities would be endangered and the market seriously weakened. Thus far no acute company crisis has arisen, but the belief exists that the loss reserves are not always calculated with a suitable margin of prudence.

Of course the average time required to pay claims for losses in automobile insurance does not create the problem of long tails existing in other markets, with the exception of some personal injury compensations, which thus far have not risen excessively because of a defect in the mandatory automobile insurance law, which shortly will have to be addressed by the insurance department.

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